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THE Borden C O M P A N Y



BOARDS

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1948 ANNUAL REPORT

MRB
Corp. #16



VARIETY OF PRODUCT has broadened considerably since the Company was founded back in 1857. As the country grew, Borden's grew and, today, its products and services are known all over the United States, in Canada and most parts of the world.

ABOUT THIS REPORT

THIS IS ANOTHER annual chapter in the history of a company that has served the public for 91 years. It tells of the endeavors that lifted SALES to a new peak of \$649,592,375, up 7.7% from 1947, and created PROFITS of \$19,179,427, down 3.1% — *page 4*. It notes that DIVIDENDS remained at \$2.55 a share, rounding out a half-century of unbroken payments, and that year end WORKING CAPITAL stood at \$105,918,817, the largest on record — *page 4*. It sets forth our year end INVENTORIES of \$57,636,783 — 17.8% higher than last year — *page 5*. And our 1949 budget of CAPITAL EXPENDITURES which calls for \$11,505,000 — *page 6*. It reports that the ownership of the Company broadened to include 51,788 STOCKHOLDERS — *page 6*. It describes in detail the work of our operating divisions: ICE CREAM and FLUID MILK — *page 7*. CHEESE and MANUFACTURED PRODUCTS — *page 8*. SPECIAL PRODUCTS — *page 9*. EXPORTS AND FOREIGN and CHEMICALS — *page 10*. PRODUCE and CANADA — *page 11*. It presents the CONSOLIDATED BALANCE SHEET — *pages 14 and 15*. And the CONSOLIDATED STATEMENTS of NET INCOME, EARNED SURPLUS, and CAPITAL SURPLUS — *pages 16 and 17*. And the certification of these statements by independent public accountants — *page 18*. It gives an over-all picture of financial position and operating results in "The Past Ten Years" — *page 19*. It follows with other articles to interest and inform our readers — *pages 20-27*. And it concludes with a listing of BORDEN PRODUCTS — *page 28*.



Board of Directors

ALBERT G. MILBANK
Chairman

HAROLD W. COMFORT
Executive Vice President

CHARLES A. ECKBURG
Vice President

L. MANUEL HENDLER
*Hendler Creamery Company
Baltimore*

ROBCLIFF V. JONES
New York

CHARLES F. KIESER
Vice President

LESTER LE FEBER
Milwaukee

MADISON H. LEWIS
New York

THEODORE G. MONTAGUE
President

MARCUS M. MUNSILL
Spencer Trask & Co.

THOMAS I. PARKINSON
*President, The Equitable Life
Assurance Society of the United States*

HENNING W. PRENTIS, JR.
President, Armstrong Cork Company

BEVERLEY R. ROBINSON
Milbank, Tweed, Hope & Hadley

HARRY A. ROSS
Vice President

Officers

ALBERT G. MILBANK
Chairman of the Board

THEODORE G. MONTAGUE
President

HAROLD W. COMFORT, *Executive Vice President*

CHARLES A. ECKBURG, *Vice President*

WILLIS H. GURLEY, *Vice President*

CHARLES F. KIESER, *Vice President*

WILLIAM F. LEICESTER, *Vice President*

WILLIAM H. MARCUSSEN, *Vice President*

HARRY A. ROSS, *Vice President*

ROY D. WOOSTER, *Vice President*

EVERETT L. NOETZEL, *Treasurer*

THEODORE D. WAIBEL, *Secretary*

CECIL I. CROUSE, *Assistant Vice President*

JOSEPH O. EASTLACK, *Assistant Vice President*

WALTER T. FITZPATRICK, *Assistant Vice President*

HAROLD K. KRAMER, *Assistant Vice President*

STUART PEABODY, *Assistant Vice President*

THEODORE O. HOFMAN, *General Controller*

HARRY L. CAMP, *General Auditor & Asst. Treas.*

A. BROOKS PRAY, *Assistant Treasurer*

DOUGLAS T. ORTON, *Assistant Secretary*

EXECUTIVE OFFICES

350 Madison Avenue, New York 17, N. Y.

REGISTERED OFFICE

117 Main Street, Flemington, N. J.

TRANSFER AND DIVIDEND DISBURSING AGENT

THE CHASE NATIONAL BANK OF THE
CITY OF NEW YORK
11 Broad Street, New York 15, N. Y.

REGISTRAR

BANKERS TRUST COMPANY
16 Wall Street, New York 5, N. Y.

COUNSEL

MILBANK, TWEED, HOPE & HADLEY
15 Broad Street, New York 5, N. Y.

AUDITORS

HASKINS & SELLS
1 East 44th Street, New York 17, N. Y.

THE PRESIDENT'S REPORT

To Stockholders and Employees

Even with the last page torn from its calendar, 1948 challenged appraisal. Jobs were still plentiful and wages higher, people had money to spend and industry had goods to sell. Viewed against the past, the year was another stage in the march of inflation. But the advance was slower and at times it wavered. Projected against the future, 1948 might well be the Year of Transition—the year in which the forces of inflation finally spent themselves.

Signs of change rose on many fronts. There were, fortunately, no indications of a disorderly retreat. Instead, lines were reformed industry by industry. Continuing in this fashion, free from panic and allowing the economy to retire to less hazardous positions, the withdrawal should be wholesome and good for the country.

Curiously, the signs that seemed obvious to businessmen were overlooked by others. There were demands for a restoration to the Government of vast powers, useful in a war emergency, but threatening to a democratic people at peace. Price ceilings were asked when the trend was toward price floors. Forgotten was the country's struggle to recover the economic balance which had been unsettled by wartime controls.

This delayed postwar adjustment made itself felt in many segments of our business, in non-milk as well as dairy products. The buyers' market reopened, and seemed likely to stay open. It intensified competition. But it also stimulated more vigorous selling and production plans, focusing attention on costs and efficiency and

alerting the Borden organization to whatever problems the future may bring.

Large stocks of most dairy products were on hand as 1949 opened, and plentiful, lower-cost feeds promised that the goodly flow of milk would continue. On the other hand, it seemed unlikely that over-all consumption would show any marked increase. Prices of manufactured dairy products will probably be below those of mid-1948. Prices of fluid milk will, in all likelihood, be slower in adjusting themselves to the changing supply-demand situation, particularly in those markets regulated by Government pricing orders. Generally, however, prices can be expected to follow their normal seasonal trends more closely, and to remain considerably below their postwar peak.

THEODORE G. MONTAGUE

"...focusing attention on costs and efficiency and alerting the Borden organization to whatever problems the future may bring."



THE FINANCIAL PICTURE

Sales Increasing for the ninth successive year, the dollar sales of the Company and its consolidated subsidiaries amounted to \$649,592,375. This was an all-time high record, and 7.7% more than the 1947 sales of \$602,959,406.

Net Income Our net income was \$19,179,427. Despite the increase in dollar sales it declined 3.1% from 1947's \$19,793,276. Earnings were \$4.46 per share, as compared with the \$4.61 of 1947. Our profit in percentage of the sales dollar also decreased. We earned 2.95 cents per dollar of sales, as compared with 3.28 cents in 1947 and the 20-year average of 3.55 cents.

Our share of the earnings of unconsolidated subsidiaries was about \$1,400,000, as compared with \$1,800,000 in 1947. Inasmuch as the development of the subsidiaries is financed largely from their earnings, only \$500,000 was received as dividends and is included in our net income. No dividends came to us in 1947.

Contrary to many assertions that corporate profits are too high, the plain fact is that our postwar earnings were not adequate for the Company's needs. And our 1948 profits were the lowest in the postwar period. They failed to provide enough funds for a going business during an inflationary period when the value of the corporate dollar declined.

Dividends Our December dividend was our 155th consecutive payment and rounded out a half century of uninterrupted dividends. Al-

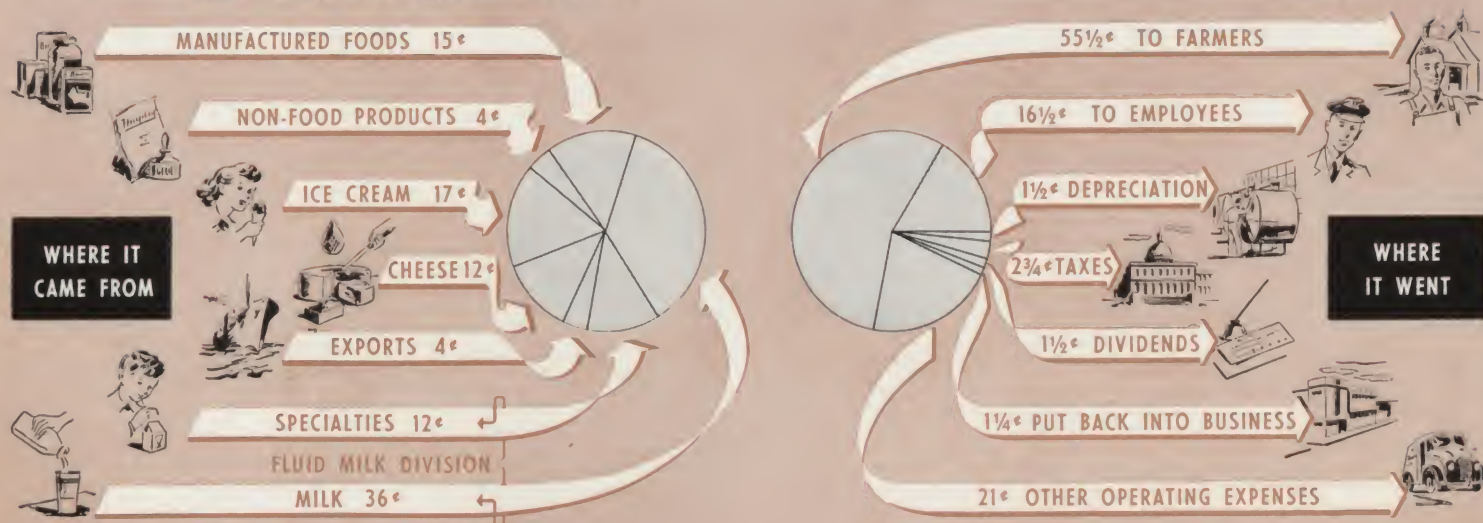
though this record was not unique in industry, it was nevertheless an unusual performance for a major food processor. There were three interim dividends of 60 cents each paid on March 1st, June 1st and September 1st, and a final one of 75 cents on December 21st, bringing the year's total to \$2.55 per share. This was the same as was paid in 1947.

In determining the dividend policy the Board of Directors was well aware of the stockholders' situation. But the urgent need for additional working capital dictated the use of a sizable part of the year's earnings to carry on the business.

Net Working Capital We found it necessary to increase our net working capital to its highest point. Our current assets totaled \$138,169,496, and current liabilities \$32,250,679, leaving a balance of \$105,918,817 as net working capital at the close of the year. This was \$16,473,287 above 1947, the increase resulting chiefly from new borrowing. In its relation to sales, however, net working capital approximated the 10-year average.

The need for additional capital has been a problem for most concerns since the war. Our own situation is best illustrated by comparing our 1948 and 1945 balance sheets. The comparison will reveal that the requirements of the business rose \$68,100,000 in the three-year period. A careful study of these figures—showing why we needed funds and where we got them—should lead to a better understanding of the Company's fiscal and operating policies.

The BORDEN SALES DOLLAR





1948



1857

A STUDY IN CONTRASTS

Our new, modern milk and ice cream plant at New Orleans, La., and the old mill at Burrville, Conn., where our founder began the first successful manufacture of condensed milk 91 years ago.

Inasmuch as prices were higher and more goods were handled, an additional \$26,200,000 was needed to carry inventories. For the same reasons, \$10,500,000 more was tied up in credit to our customers. Our necessary capital expenditures increased the amounts invested in property and equipment by about \$31,400,000. This was partly because we had more equipment and plants to handle our growing business. But the principal reason was that postwar costs were very high, so we needed more for replacements than could be obtained through depreciation accruals based mostly on lower prewar values.

Where did the additional investment come from? First of all, we depended upon stockholders' funds—profits earned but not paid out in dividends. From this source came \$21,700,000. Then, we had about \$3,700,000 more credit from people with whom we deal. We got about \$7,800,000 by reducing our investments and cash reserves. Finally, we obtained more loans, increasing our borrowings by about \$34,900,000.

Our most recent loan, secured in 1948, is for \$15,000,000. It is a 20-year, 3% note to The Equitable Life Assurance Society of the United States. It calls for repayment in annual installments of \$750,000, starting September 1, 1958, with a balance of \$7,500,000 due September 1, 1968. No repayments on this loan are required until after the maturity date of other notes issued in 1946 and 1947 and maturing serially until March, 1956, when the balance is due. At the year end our long-term loans were \$48,600,000.

Inventories Some of the year's most perplexing problems had to do with inventories.

Although our policy was to hold them to the lowest practical point, inventories increased 17.8% to \$57,636,783. They were high compared with inventories of \$48,922,300 at the end of 1947, when stocks were depleted because milk production was lagging behind demand. But inventories were not high when the dollar volume of business is considered, since they held to their usual relationship to sales.

Several unique factors complicate our control of inventories of dairy products. Development of a good milk supply for a Borden plant involves considerable effort and expense, and it may take years to rebuild a supply that has been abandoned. Moreover, our relationship with farmers, resulting from mutual interests and daily transactions, is a more personal one than commonly exists between buyer and seller. Farmers selling to Borden plants come to rely on the Company to provide a continuing market for their milk. As a service to farmers and to protect our sources of supply, we endeavor to accept dairy produce even when the condition of inventories may not warrant further purchases.

Such a situation arose in some areas in 1948. It was aggravated by an abnormal price movement. The combination placed us in the position of selling some stocks for less than cost.

Market Trends There is a seasonal movement in the prices of milk and the products made from it which occurs with such regularity that it is considered normal. In the Spring, the milk flow is greater than is needed. Milk prices decline, reflecting both lower production costs and supply and demand factors. During this

MONEY NEEDED to RUN the BUSINESS

Now **\$68,100,000 MORE** than Three Years Ago



period dairy products are made and stored for later sale. As the year goes on, the demand for milk is greater than the current production and prices for milk rise.

In 1948, this normal price trend did not occur. Early in the year production lagged behind 1947; stocks of products — particularly cheese and evaporated milk—were low; the sales outlook was good; and the Government was expected to buy heavily for export, thus further reducing domestic supplies. As a result, milk prices generally failed to follow the customary downward trend. But, the industry had to acquire its inventories while milk was available, so it built up stocks of cheese, evaporated milk, milk powders, and cream for manufacturing.

By mid-year, milk production had improved, government buying did not materialize to the extent anticipated, consumer demand evened off, and stocks of some products rose, and these factors led to a counter-seasonal decline in prices. The trend continued until the last months of the year and affected our profits.

Capital Expenditures Our 1949 budget of capital expenditures was set at \$11,505,000. In addition there is a carry-over of about

\$5,000,000, authorized under previous budgets, so that the Company has about \$16,500,000 for its 1949 program. Most of this sum will be used for replacement of equipment, a lesser part for plant improvement. New building plans are being restricted because of high construction costs.

Our depreciation amounted to \$8,512,816, about \$800,000 more than in 1947. Depreciation accruals increased, reflecting the greater investment in plant and equipment, due to the recent high costs of replacement and, to a lesser degree, new facilities. Depreciation accruals were less than our capital expenditures.

Capital Stock Ownership in the Company was broadened by an increase of 1,343 stockholders, bringing the year end total to 51,788. This was the highest number in our history. The largest single class of new stockholders bought between 10 and 24 shares. The average stockholding fell from 85 to 83 shares, with no individual holding as much as 1% of the total. The Company purchased 23,267 shares, and re-issued 31,267 for the acquisition of new businesses. No large concern was included in the acquisitions. Outstanding at the end of the year were 4,300,000 shares, as compared with 4,292,000 shares a year earlier. The only securities senior to the common stock are the long-term notes.

Borden's Pippin Roll — one of several new cheese products introduced to our customers during the year.



THE COMPANY'S OPERATIONS

Ice Cream Our sales of ice cream declined. They followed the downward trend in national consumption. Some of the reasons for the decline were obscure, but there was ample evidence that price increases discourage consumption.

We held prices down during the first part of the year even though our operating margins were too narrow. We relied for relief on the anticipated seasonal decline in cream costs. When the cream market remained high during the period of our heaviest sales, our prices were forced up. Small advances in our prices were often followed by larger increases at soda fountains, whose owners were themselves beset by

tions to Syracuse, New York; Jacksonville, Florida; and several North Carolina communities. Another new unit increased volume in San Jose, California, and introduced our milk to the area. Construction of new combination plants at New Orleans, Louisiana, and Midland, Texas was undertaken with the Fluid Milk Division.

Fluid Milk Borden fluid milk operators made the year one of accomplishment. Their sales held their own while national milk consumption declined slightly. Working on a limited capital expenditure budget, they heightened efficiency by improving plants and equipment.



A vigorous campaign to boost our ice cream sales was aided by self-service display cabinets and fountainettes.

higher operating costs. When sales declined, many retailers saw the wisdom of narrower margins and greater sales volume.

New and vigorous merchandising methods helped to improve business wherever they were introduced. New outlets for sundaes and malted milk were developed by the use of small and inexpensive fountains where sales were formerly limited to ice cream for home use. Carry-out sales were themselves increased by installation of self-service display cabinets in many stores. LADY BORDEN proved to be the main source of strength for many dealers. Accepted by consumers as the standard of highest quality in ice cream, it commanded a larger percentage of our sales than ever before.

Acquisition of new units extended our opera-

Results were noteworthy in comparison with recent years and in the light of 1948 problems.

Contributing to the sales showing were several factors. Geography favored us—in many operating areas per person consumption rose or the population increased. There were fewer discouraging price increases than in other postwar years. But there was also energetic sales work, as evidenced by the increased sale of superior grade milk products.

Changes in distribution also played a part. While there was a growth in home delivery sales in a few markets, the shift toward store distribution continued nationally. In line with this trend was the wider use of paper milk containers for store sales. Virtually completed was a 4-year program replacing about 20,000,000 old-

style round bottles with the new square type. In a number of cities, every-other-day delivery was replaced by thrice-weekly service which improved efficiency by eliminating Sunday deliveries.

Providing better working conditions for employees, the modernization program aimed first at reducing costs by increasing per-man-hour productivity. An important objective everywhere in the industry, increased output is needed particularly in metropolitan areas, where high wages and work-loads are a factor contributing to present prices.

Much misinformation about milk prices and profits was circulated during the year. We desire—and competition dictates—that we sell at the lowest price consistent with sound business principles. The profit, averaging a fraction of a cent a quart, is so small that even its total elimination could not appreciably decrease consumer prices. In fact, the margin is so slender that it is highly questionable whether a large metropolitan milk operation, standing by itself, could attract enough capital for a modernization program necessary to keep abreast of the times.

There is a wealth of factual information about milk prices and profits. Much of it has been compiled by responsible private and governmental agencies whose findings confirm what people in the industry know to be facts. Unfortunately, when milk becomes the topic of emotional public discussion, little regard is shown for reliable, realistic data.

Cheese Our total sales of cheese rose, specialty cheeses setting an all-time sales record. Considering the large volume handled, results were disappointing. The reason was the wide range of prices and the abnormal counter-seasonal movement of the Cheddar cheese market.

The best Cheddar is made from milk produced in the May-September period, when cows are on pasture. Production being at a high level, storage stocks are built up during this period.

Cheddar prices reached their peak of 47½ cents per pound on July 9th—in the very middle of the storage season. Then, instead of rising seasonally, they declined, reaching a low point of 33 cents on October 29th.* This unusual trend placed the industry in the position of selling some cheese at less than procurement costs.

Storage of cheese over long periods is a risk

*NOTE—On February 4, 1949, the price fell to 30 cents—2 cents below the ceiling price in effect when O.P.A. controls ended June 30, 1946.



This young sky-farer is glad to find his favorite brand of milk available when he's flying across the ocean.

of the business, but normal market movements place reasonable limits on the risk. When the price trend is reversed, losses are inevitable. Our policy was to hold inventories as low as possible.

Our Pacific Cheese Division was successful in widening the distribution of our products on the West Coast. But its earnings were affected by the unusual expenses which must be expected in launching a new venture. A better experience is expected in 1949.

Several new products were introduced. Natural Cheddar cheeses in consumer packages, including the PIPPIN ROLL, had good initial sales. GRUYERE, a new Swiss-type packaged cheese, was also well received.

Installation of equipment to enlarge our Van Wert, Ohio plant — now the world's largest cheese factory — was completed. New delivery trucks and manufacturing equipment were purchased for our West Coast operations. Beyond these there were no capital expenditures of importance, nor are any contemplated for 1949.

Manufactured Products Over-all sales increased. Yet the supply of milk was greater than the demand for products made from it. The result was large inventories which, coupled with the counter-seasonal trend in farm prices, created some trying problems.

Sales volume of evaporated milk was satisfactory. Inasmuch as sales of the industry as a whole receded slightly, this indicated a well-maintained competitive position. Net income from these sales, however, was not satisfactory.

There was a decline in the demand for EAGLE BRAND condensed milk which had enjoyed good sales during the war. Our 1948 output was, however, at a rate more than double prewar, and no effort will be spared to keep this position.

Sales of BORDEN'S 100% PURE INSTANT COFFEE rose sharply. It was, by a wide margin, the leading brand in the pure soluble coffee field and its position was strengthened by the introduction of a 5-ounce "family size" package. Inasmuch as all instant coffee accounted for only an estimated 7% of the total coffee consumption, the future market appears promising.

Production of STARLAC, a skim milk powder for home use, was increased and its distribution widened beyond initial marketing areas. During 1949 it will be introduced along the Eastern Coast from Maine to Louisiana. Heartily endorsing STARLAC are nutritionists who see in it an economical food supplement of special value for low-income families.

To provide containers for goods manufactured in the South we broke ground for a new can factory at Lewisburg, Tennessee. Situated next to our condensery it will eliminate the need for shipping cans from Northern factories.



Distribution of Starlac, skim milk powder for home use, widened. Favored by nutritionists and housewives, Starlac is a low-cost source of important food elements.

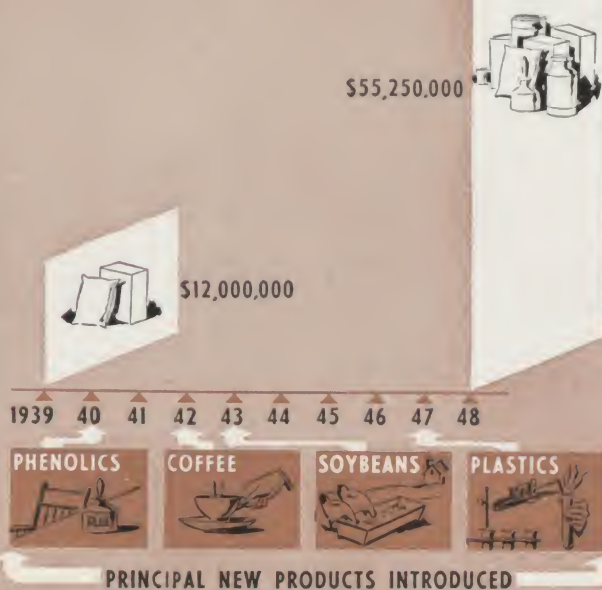
Special Products Contending with adverse conditions for many months, the Special Products Division at year's end showed promise of regaining, during 1949, the good earning position it previously enjoyed. Processing finally got under way in our important new plants at Kankakee, Illinois, and Boscobel, Wisconsin, after being held up by costly construction delays. And agricultural prices abandoned the erratic course which had affected the Division's operations and settled down to lower, more nearly stable levels.

Changes in the soybean situation, for example, explain our past problems and the basis of our future hopes. Until the last quarter, activities were limited, not only by building difficulties, but also because of the hazards of buying beans at prices which varied as much as \$2 a bushel. But in the final quarter, processing was started at our new, efficient Kankakee plant. The futures market was resumed, permitting protection against inventory risks. And a continued good market for meal and oil was indicated.

In the case of our animal feed supplements, prices of carrier materials were high at the outset of the year. By settling to lower levels in the last six months, these prices brought much better manufacturing margins. Lower prices of feed-stuffs generally encouraged farmers to plan feeding programs that promise a larger poultry and livestock population and heavier demand for our supplements in the months ahead.

There were other developments whose full effect will be felt in the future. Many products

SALES GROWTH..... NON-MILK PRODUCTS 1939-1948



were improved through our continuing program of research. New products also were developed in our laboratories. Some are already on the market; others will appear in 1949. Our selling program includes new merchandising methods and a strengthened sales force. All of these factors will contribute to improved results.

Exports and Foreign Our oversea operations were successful although carried on under conditions generally unfavorable to international trade. Sales of KLIM and other export products were satisfactory.

The lack of American dollars abroad remained the chief stumbling block. The greater weakness in the exchange position of some countries was, to some degree, offset by firmness in others. In Far Eastern markets, excepting the Philippines, there was a strong tendency to purchase within the "sterling bloc" to conserve dollars.

War and internal unrest hampered business in some areas. In Latin America, where our interests are considerable, Colombia, Costa Rica, Panama, Peru and Venezuela were all troubled by civil or political commotions. Strife between Israel and the Arab states postponed the development of a promising market. And in China the spread of civil war dampened our prospects.

New competitors sprang up, and some problems were created by cheaper goods shipped from countries enjoying lower production costs. Typical of these were Australia and New Zealand, selling within the "sterling bloc," and the Netherlands, whose products have staged a postwar comeback in some areas.

Chemicals Steadily increasing competition affected our operations. Products once scarce became plentiful, and added pressure on prices came from customers who themselves faced stiffer competition. As a result of this situation, profit margins narrowed and dollar profits diminished slightly even though sales increased.

Our new DURITE operation had a good year. Demand for its products, particularly those having unique qualities, could not be fully satisfied. To meet this demand, we began the installation of new equipment expanding the output of molding compounds in our Philadelphia plant.

New products swelled the sales of our liquid glues. Carrying good future promise are a new



MARKETS 'ROUND THE WORLD

Borden's powdered milks and fruit juices prove a popular substitute for hard-to-get fresh milk and fruit in many parts of the world. Whether it's in China, Africa or far above the Arctic Circle, our Export Division serves the growing demand.

ice-water-proof glue, which bottlers have received very well, and a line of special adhesives for use in shipping rooms. CASCOREZ, an all-purpose household glue, and CASCOPHEN, a water- and boil-proof adhesive, both sold well despite the reluctance of dealers to stock new packaged items. Dry glue sales were also good.

Although there was a let-down in some lines of furniture and cabinets, the plywood industry, which we serve with synthetic resin glues, continued to expand. To help supply materials for these adhesives, we opened a formaldehyde plant at Bainbridge, New York, providing Eastern facilities similar to our Springfield, Oregon, plant.

Indicative of future plans was the adoption of the name Chemical Division, to replace the old designation of Casein Division. As anticipated a decade ago, when we broadened our interests to include urea resins, our casein business has dwindled. Casein glues continue in good demand, but casein in other forms faces increasing competition from vegetable proteins. What business is lost here will, however, be more than offset by the widened development of synthetic adhesives, molding powders, and other chemical products in the field where the Chemical Division's future is cast.

Canada The operations of The Borden Company, Limited, followed a near-normal pattern. Demand for dairy products remained good. Dollar sales rose, the rate of improvement being better than for Borden's as a whole. Net income declined, however, and the rate of profit was only 2.77 cents on the sales dollar.

Seasonal price movements were less pronounced than usual. Their range was narrowed somewhat by Government policies which had the effect of establishing a ceiling over and a floor beneath prices of some dairy products. The ceiling was the result of price control in the

case of butter; the floor was fixed by the Government's price for export cheese.

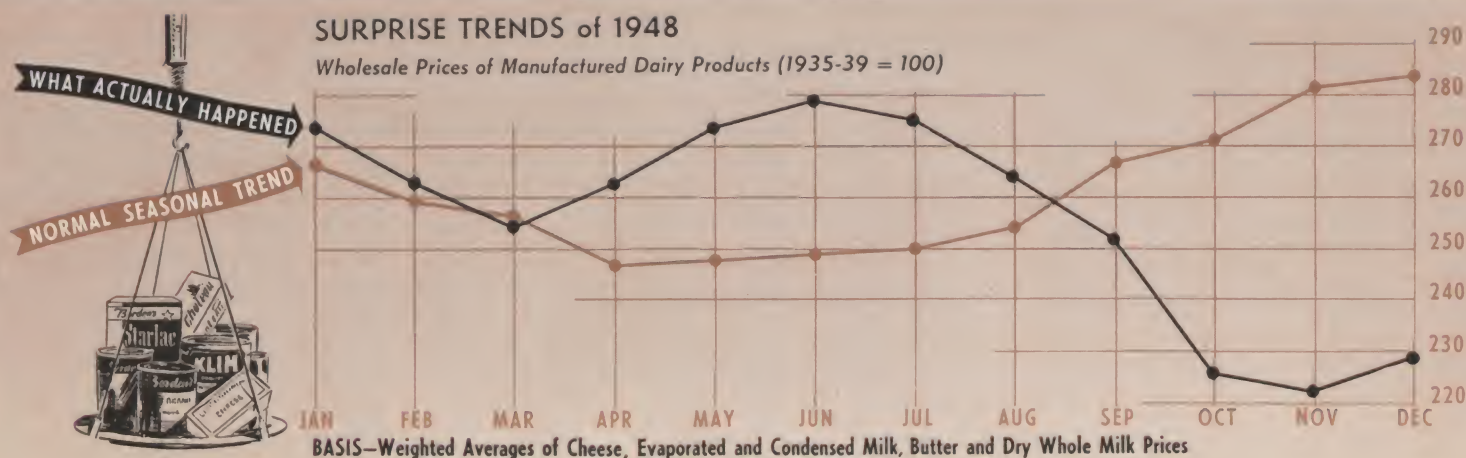
Approved for 1949 was a capital expenditures program of \$1,359,550*, which is about \$650,000 more than estimated accruals for depreciation. Most important project of this program is the Kemptville, Ontario milk-drying and cream-separating plant which will be the finest of its kind in Canada. The program calls for the completion of an ice cream plant at Quebec City, Quebec and improvements to modernize further our system of milk distribution.

During 1949 the Company celebrates the 50th anniversary of its Canadian operations.

Inasmuch as Canada usually experiences a delayed reflection of American business conditions, the outlook is for a situation similar to that prevailing in the United States during 1948. Milk supplies should be ample for the first time since before the War. An increase in domestic stocks of products may result from the recent legalization of margarine in some provinces, which may lower butter consumption, and from an expected reduction in dairy exports.

Produce Better sales and profits were made by our Produce Division, which serves Northern New Jersey communities. Its business in poultry, butter and eggs fell short of expectations chiefly because of the unstable butter market and consumer resistance to high turkey prices. But its distribution of frozen foods met with considerable success. Contributing to sales were new dealer outlets, increased storage capacity in retail stores, and a larger supply of frozen foods. There is every indication of continuing growth as processors increase their output and retailers equip themselves to handle frozen foods.

*NOTE—This amount is included in figures for the Company as a whole, which are given in the "Capital Expenditures" section of this Report.



BORDEN'S IN GENERAL





The Employees Voluntary participation in our contributory group insurance program rose. There were 19,913 men and women covered by group life insurance and \$507,500 was paid out in death benefits during the year. Our accident and health insurance program covered 11,637 employees, and accidental death and dismemberment 12,767. Benefits paid under these programs totaled \$195,196.

Broadened protection was made available to employees and their families through the Blue Cross Surgical and Surgical-Medical Expense programs which supplement the Blue Cross Hospital Plan.

time" accident. The Company's vehicles were safely operated an average of 23,950 miles per accident—or double the annual distance covered by the typical pleasure car, regardless of accidents. Employee efforts to improve safety were recognized by 5,255 individual safety awards made during the 12-month period.

Advertising Our advertising policy called for aggressive efforts keyed to the year's sales problems. There were promotion programs stressing individual products, some carried on in national media, others in local. Backing them up was an over-all national campaign featuring

WHO GOT HOW MUCH?

	 EMPLOYEES	 STOCKHOLDERS	 GOVERNMENT	 EVERYBODY*
1946	\$ 89,000,822	\$ 9,508,900	\$19,371,222	\$10,072,106
1947	101,175,326	10,807,100	18,461,259	8,986,176
1948	106,131,433	10,944,885	17,554,001	8,234,542

*Put Back in the Business for the Benefit of Employees, Stockholders and Customers.

The eligibility requirements of the Employees' Retirement Plan were modified. While benefits of the program and contributions for each member remained unchanged, eligibility was limited to salaried employees on and after April 1, 1948.

Observing its fourth anniversary, our Quarter Century Club initiated 640 employees into membership. The club was founded to honor employees with 25 or more years of service, and now has 4,157 members. Of this number, 279 served the Company between 40 and 50 years, and 19 passed the half-century mark.

Due to good employee cooperation, most of the Company's operations showed gratifying progress in their safety work. Our employee injury rate was the lowest in ten years and 95% of our employees did not have a single "lost

the Borden name and our trade character, Elsie the Cow.

The over-all campaign is intended to capitalize on the Borden name as well as to strengthen it further. Last year more than two billion packages carried our brand. More food was sold under the Borden label than under any other brand in the world.

At the close of the year, five national magazines were carrying the over-all Elsie advertising. All of the national magazine campaigns continued to show a readership considerably above average.

Radio advertising was headed by our "County Fair" broadcast over a nation-wide hook-up by Columbia Broadcasting System. It was supplemented by two successive musical programs and

by local radio advertising. In Canada, Borden's "Canadian Cavalcade" continued a Dominion favorite. There was also renewed experimental advertising over television.

The extent and penetration of Borden advertising is indicated by the more than 250 separate advertising budgets in the Company. Although the number is large, and required because of the diversity of operations, total expenditures were only about 1½% of sales.

In Conclusion As in previous years, the Company is involved in several legal actions other than those arising in the usual course of its business. The Company intends to resist these actions vigorously in both Federal and State courts.

Borden accomplishments were the direct result of loyal and concerted effort throughout the organization. To the employees who made a notable contribution to our progress, to the members of the managerial staff who directed their efforts, and to the Board of Directors whose guidance helped so materially I give thanks and full recognition of their cooperation.

This report is submitted by order of the Board. It is followed by the Company's financial statements, the certificate of the independent auditors, and other material of general interest.

THEODORE G. MONTAGUE,
President



TOP—Elsie the Cow greets Michael J. Sullivan of Orfordville, Wisc., who completed 50 years as a Borden employee.
CENTER—Barbara Ann Scott, Olympic figure skating champion, was one of the year's guest stars on "Canadian Cavalcade," our CBC radio show.
BOTTOM—Win Elliot, master of ceremonies, has a good time with two youngsters appearing on Borden's "County Fair," our CBS network show.

THE *Borden* COMPANY

CONSOLIDATED BALANCE SHEET

ASSETS

	December 31	
CURRENT ASSETS:	<u>1948</u>	<u>1947</u>
Cash	\$ 46,972,815	\$ 42,061,327
United States Government Securities (1947 includes Canadian)	5,725,388	5,425,810
Receivables (Less Reserves—1948, \$2,838,429; 1947, \$2,800,172)	27,834,510	25,657,428
Inventories—At the Lower of Cost or Market:		
Finished Goods		
Materials & Supplies		
1948—\$32,230,013	\$25,406,770	
1947— 26,113,385	22,808,915	48,922,300
Total Current Assets	<u>\$138,169,496</u>	<u>\$122,066,865</u>
INVESTMENTS AND OTHER ASSETS:		
Unconsolidated Subsidiaries (Foreign and Domestic)	\$ 3,219,513	\$ 3,223,896
United States and Canadian Government Securities on Deposit (Pursuant to Workmen's Compensation Laws, etc.)	849,590	793,941
Mortgages, Receivables, etc.	2,773,791	6,328,645
Total	\$ 6,842,894	\$ 10,346,482
Less Reserves	834,866	1,052,767
Net Investments and Other Assets	<u>\$ 6,008,028</u>	<u>\$ 9,293,715</u>
PROPERTY AND EQUIPMENT	\$174,020,197	\$162,649,180
Less Reserves for Depreciation	77,436,818	73,367,153
Net Property and Equipment	<u>\$ 96,583,379</u>	<u>\$ 89,282,027</u>
DEFERRED CHARGES	\$ 1,478,427	\$ 1,175,588
TRADE-MARKS, PATENTS AND GOOD-WILL	\$ 1	\$ 1
TOTAL	<u>\$242,239,331</u>	<u>\$221,818,196</u>

See Page 17 for notes to financial statements.

AND CONSOLIDATED SUBSIDIARIES

ET, DECEMBER 31, 1948 and 1947

LIABILITIES

	December 31	
	1948	1947
CURRENT LIABILITIES:		
Accounts Payable	\$ 24,397,315	\$ 24,423,500
(Including current maturities of serial notes—\$1,400,000 in each year)		
Accrued Accounts:		
Taxes	2,608,382	2,751,720
(Less Treasury Savings Notes equal to accrued U. S. Income Taxes—1948, \$10,200,000; 1947, \$11,400,000)		
Other	5,244,982	5,446,115
Total Current Liabilities	\$ 32,250,679	\$ 32,621,335
LONG-TERM NOTES PAYABLE:		
1¾% Serial Notes	\$ 32,200,000	\$ 33,600,000
3% Promissory Note	15,000,000	
Total Long-term Notes Payable (Note 3)	\$ 47,200,000	\$ 33,600,000
RESERVES:		
Insurance Reserves	\$ 7,216,113	\$ 7,209,647
For Replacement of Depleted Normal Inventories		1,453,936
Other Reserves	5,222,602	4,806,728
Surplus Reserves:		
For Contingencies	2,000,000	2,000,000
For Possible Inventory Price Declines	5,000,000	5,000,000
For Losses on Unusual Property Disposals	5,000,000	5,000,000
Total Reserves	\$ 24,438,715	\$ 25,470,311
CAPITAL STOCK AND SURPLUS:		
Capital Stock—THE BORDEN COMPANY		
Common \$15 par—Authorized 8,000,000 shares;		
Issued 4,417,958 shares	\$ 66,269,370	\$ 66,269,370
Capital Surplus	14,271,327	14,244,522
Earned Surplus (Earnings retained for use in the business)	61,491,504	53,605,098
Total	\$142,032,201	\$134,118,990
Less Treasury Stock—At Cost:		
1948, 117,958 shares; 1947, 125,958 shares (Note 5)	3,682,264	3,992,440
Capital Stock Outstanding (1948, 4,300,000 shares; 1947, 4,292,000 shares) and Surplus	\$138,349,937	\$130,126,550
TOTAL	\$242,239,331	\$221,818,196

THE *Borden* COMPANY

STATEMENT OF CONSOLIDATED NET INCOME

For the Years Ended December 31, 1948 and 1947

	Year Ended December 31	
	1948	1947
NET SALES	\$649,592,375	\$602,959,406
OTHER INCOME:		
Interest, Dividends and Royalties	927,261	510,766
Rentals, less expenses of properties rented or unessential to operations	241,964	210,845
Other	759,467	784,841
TOTAL	<u>\$651,521,067</u>	<u>\$604,465,858</u>
LESS:		
Cost of Goods Sold	\$577,822,372	\$531,595,523
Selling, General and Administrative Expenses and Other Charges	43,162,319	40,527,957
Interest Expense	718,928	669,305
Provision for Federal and Dominion Income Taxes	10,638,021	11,879,797
TOTAL	<u>\$632,341,640</u>	<u>\$584,672,582</u>
NET INCOME	<u>\$ 19,179,427</u>	<u>\$ 19,793,276</u>

STATEMENT OF CONSOLIDATED EARNED SURPLUS

EARNINGS RETAINED FOR USE IN THE BUSINESS

For the Years Ended December 31, 1948 and 1947

	Year Ended December 31	
	1948	1947
BALANCE AT BEGINNING OF YEAR	\$ 53,605,098	\$ 46,377,984
ADD:		
Net Income	19,179,427	19,793,276
TOTAL	<u>\$ 72,784,525</u>	<u>\$ 66,171,260</u>
DEDUCT:		
Dividends paid (\$2.55 a share in each year)	\$ 10,944,885	\$ 10,807,100
Write-off of Good-will Purchased during the Year	348,136	1,759,062
TOTAL	<u>\$ 11,293,021</u>	<u>\$ 12,566,162</u>
BALANCE AT END OF YEAR	<u>\$ 61,491,504</u>	<u>\$ 53,605,098</u>

See Page 17 for notes to financial statements.

AND CONSOLIDATED SUBSIDIARIES

STATEMENT OF CONSOLIDATED CAPITAL SURPLUS

For the Years Ended December 31, 1948 and 1947

	Year Ended December 31	
	<u>1948</u>	<u>1947</u>
BALANCE AT BEGINNING OF YEAR	\$ 14,244,522	\$ 13,981,996
Proceeds from disposal of unessential properties previously written off against Capital Surplus, and fair operating values ascribed to other such properties adapted to some operating use	26,805	262,526
BALANCE AT END OF YEAR	<u>\$ 14,271,327</u>	<u>\$ 14,244,522</u>

NOTES TO FINANCIAL STATEMENTS

(1) The financial statements include all Canadian subsidiaries and all domestic subsidiaries except one whose operations are not integrated with those of the Company. The Company's share (approximately \$1,400,000 for 1948, and \$1,800,000 for 1947) in the net income of unconsolidated foreign and domestic subsidiaries is included in the Statement of Consolidated Net Income only to the extent of dividends of \$500,000 received during the year 1948.

(2) The accounts of Canadian subsidiaries are included in the financial statements at parity of exchange.

(3) The 1 $\frac{3}{4}$ % Serial Notes mature \$1,400,000 annually 1949 through 1951, \$2,100,000 annually 1952 through 1955, and \$21,000,000 in 1956, and the 3% Promissory Note matures \$750,000 annually 1958 through 1967, and \$7,500,000 in 1968. The Company has agreed that it will not declare dividends or make other "stock payments" in excess of certain limitations expressed in the loan agreements.

(4) The last-in, first-out method is employed in costing out inventories of certain products in order to reflect current cost of production in cost of goods sold. In 1947 the application of this method was extended to another commodity with the result that net income for that year would have been approximately \$137,000 greater if the change had not been made. The balance in the reserve previously provided for replacement of depleted normal inventories has been applied during the year 1948 to such replacement costs.

(5) Capital stock of the Company held in the treasury at December 31, 1948 includes 48,500 shares reserved under the Officers and Employees Stock Option Plan as approved by the stockholders. Of the shares so reserved, 15,000 shares relate to options at \$36.25 a share granted on March 31, 1945 and expiring on March 30, 1950, and 33,500 shares relate to options at \$45.75 a share granted on January 3, 1946 and expiring on January 2, 1951. The option price in each case was \$1.00 more than the last sale on the New York Stock Exchange preceding the date of the issuance of said options.

(6) Provision for depreciation charged to operations was \$8,512,816 for 1948 and \$7,703,212 for 1947.

(7) The Company was guarantor of bank loans to foreign affiliated companies in amounts aggregating approximately \$1,000,000 at December 31, 1948.

(8) See comment on page 13 of the Annual Report to Stockholders and Employees for reference to litigation.

ACCOUNTANTS' CERTIFICATE

1 EAST 44TH STREET
NEW YORK 17

HASKINS & SELLS
CERTIFIED PUBLIC ACCOUNTANTS

February 21, 1949.

THE BORDEN COMPANY:

We have examined the consolidated balance sheet of THE BORDEN COMPANY and Consolidated Subsidiaries as of December 31, 1948 and the related statements of consolidated net income, earned surplus, and capital surplus for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and statements of consolidated net income, earned surplus, and capital surplus, with the notes pertaining thereto, present fairly the financial position of the companies at December 31, 1948 and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Haskins & Sells

THE PAST TEN YEARS

FINANCIAL POSITION

ASSETS:	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939
Cash	\$ 46,972,815	\$ 42,061,327	\$ 29,004,830	\$ 30,133,484	\$ 33,972,396	\$ 26,470,542	\$ 22,763,267	\$ 20,321,433	\$ 20,147,814	\$ 20,291,907
Securities	5,725,388	5,425,810	5,984,098	27,806,725	9,656,545	9,844,919	9,586,708	4,489,075	4,412,912	5,411,811
Receivables	27,834,510	25,657,428	26,678,474	17,369,830	20,877,457	17,199,554	16,459,548	18,089,718	12,794,346	12,236,450
Inventories	57,636,783	48,922,300	57,641,793	31,474,676	34,192,113	34,249,927	28,847,337	28,695,550	17,895,422	17,514,226
Investments and Other Assets	6,008,028	9,293,715	10,742,243	6,879,612	8,346,748	6,470,531	3,165,185	3,209,262	2,908,644	2,545,870
Property and Equipment	96,583,379	89,282,027	75,322,556	65,235,310	64,839,491	66,535,599	68,964,011	69,378,011	67,220,328	66,813,239
Deferred Charges	1,478,427	1,175,588	813,445	876,544	938,560	1,132,595	1,018,063	902,581	939,747	901,429
Trade-Marks, Patents, Good-Will	1	1	1	1	1	1	1	1	1	1
Total	\$242,239,331	\$221,818,196	\$206,187,440	\$179,776,182	\$172,843,311	\$161,903,668	\$150,804,120	\$145,085,631	\$126,319,214	\$125,714,933

LIABILITIES:	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939
Current Liabilities	\$ 32,250,679	\$ 32,621,335	\$ 34,750,708	\$ 27,897,499	\$ 24,697,992	\$ 22,926,455	\$ 19,282,081	\$ 20,902,424	\$ 15,208,347	\$ 16,251,163
Non-Current Liabilities	47,200,000	33,600,000	25,028,230	12,933,520	13,835,025	10,637,506	11,376,014	11,833,716	329,744	189,044
Total	\$ 79,450,679	\$ 66,221,335	\$ 59,778,938	\$ 40,831,019	\$ 38,533,017	\$ 33,563,961	\$ 30,658,095	\$ 32,736,140	\$ 15,538,091	\$ 16,440,207

STOCKHOLDERS' FUNDS AND RESERVES:	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939
Reserves	\$ 24,438,715	\$ 25,470,311	\$ 26,408,415	\$ 31,727,847	\$ 30,409,097	\$ 24,702,056	\$ 17,292,640	\$ 11,464,736	\$ 11,907,202	\$ 11,619,692
Capital Stock and Surplus	138,349,937	130,126,550	120,000,087	107,217,316	103,901,197	103,637,451	102,853,385	100,884,755	98,873,921	97,655,034
Total	\$162,788,652	\$155,596,861	\$146,408,502	\$138,945,163	\$134,310,294	\$128,339,707	\$120,146,025	\$112,349,491	\$110,781,123	\$109,274,726

OPERATING RESULTS

RECEIPTS:	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939
Sales	\$649,592,375	\$602,959,406	\$542,998,805	\$459,454,880	\$410,478,189	\$371,866,527	\$325,350,306	\$259,128,514	\$216,795,850	\$208,789,250
Other Income—Net	1,209,764	837,147	854,711	620,110	1,068,018	908,484	187,914	464,603	486,420	490,891
Total	\$650,802,139	\$603,796,553	\$543,853,516	\$460,074,990	\$411,546,207	\$372,775,011	\$325,538,220	\$259,593,117	\$217,282,270	\$209,280,141

DISPOSITION:	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939
Formers	\$360,760,796	\$310,296,989	\$290,509,180	\$216,176,520	\$196,866,197	\$183,775,086	\$153,263,042	\$122,949,621	\$ 98,849,943	\$ 87,753,092
Payroll	106,131,433	101,175,326	89,000,822	74,180,581	67,963,166	62,364,299	57,968,360	52,319,148	50,333,858	51,380,063
Taxes	17,554,001	18,461,259	19,371,222	32,908,596	30,281,637	21,954,543	15,096,404	8,593,518	6,477,171	6,720,632
Depreciation	8,512,816	7,703,212	6,791,453	6,758,104	6,448,415	6,442,955	6,483,314	6,194,108	6,016,187	6,226,193
†All Other Costs and Expenses	138,663,666	146,366,491	118,599,833	*117,937,217	*99,998,798	*88,832,423	*84,347,446	*61,266,150	48,022,494	49,220,324
Dividends to Stockholders	10,944,885	10,807,100	9,508,900	7,623,711	7,267,990	6,521,573	6,134,210	6,148,316	6,155,386	6,155,386
Put Back in the Business	8,234,542	8,986,176	10,072,106	4,470,261	2,720,004	2,884,132	2,245,444	2,122,256	1,427,231	1,824,451
Total	\$650,802,139	\$603,796,553	\$543,853,516	\$460,074,990	\$411,546,207	\$372,775,011	\$325,538,220	\$259,593,117	\$217,282,270	\$209,280,141

†Including inventory variations. *Including reserve provisions due to wartime conditions.



HOW TO *SHOOT* AN APPLE BLOSSOM

Out in the Northwest's Wenatchee and Yakima Valleys, last Spring, casual passers-by were startled to see many apple growers firing 12-gauge shotguns at the blossoming crowns of their best fruit trees. Far from being destructive, these blasts were the successful culmination of five years of experiment in cross-pollenizing fruit trees by artificial means. Ordinarily, the worker-bees Mother Nature provides to perform this task shun blossoms in shady spots and these neglected areas usually are pollenized by hand.

In 1943, L. J. Farley, a Wapato, Washington, orchardist, hit upon the shotgun idea after deciding that hand pollenization was costly and inefficient. Farley's problem was to develop a charge that would gently propel the pollen to tree-top height without damage. Borden's worked with Mr. Farley and a leading ammunition manufacturer to perfect the pollenizing

shells. They contain a light load of slow-burning powder, extra filler pads to protect the pollen cells from shock and a formula of one part pollen to nine parts carrying agent. There are about 2,600,000 pollen grains in each shell and the carrier is Borden's casein product, A7ML.

Last year, more than 30,000 of these shells were used in the Pacific Northwest. Plans for their use in 1949 have been made by eastern growers, horticulturists for the U. S. Department of Agriculture and also the agricultural schools of many State colleges.

A7ML is only one of Borden's little known products that do important jobs for industry. Although their sales are small when compared to our total dollar volume, these unheralded products play a big role in the variety of services the Company performs for the public. Here are a few typical examples:

FURPRO: Fox and mink are valuable animals and their health is a constant worry to those who raise them. Our Special Products Division has developed this dry vitamin fortified feed supplement to help dams produce larger and stronger litters and help the growing animals to develop large sturdy frames and, of course, fine pelts for market.



PROTOVAC: These casein formulas, made by our Chemical Division, are almost magical in their wide variety of applications. Manufacturers use these modified caseins as a coating for paper; to clarify wine; as a textile sizing; to stabilize rubber; as an ink vehicle in printing; as a binder in making paint and cold cream; and to make leather soft, flexible and waterproof.

MULL-SOY: When infants, children and adults are allergic to cow's milk, doctors frequently suggest that they replace it with MULL-SOY, a soy-bean milk developed by our Prescription Products Division. This palatable, easily digestible product closely resembles cow's milk in its content of calcium, fat, minerals, proteins and carbohydrates.



THOR FOUNDRY PRODUCTS: For years, molders of hollow metal products have had to break up and discard the sand cores used in the casting process. Thanks to our Chemical Division, THOR RESIN CORE BINDERS, which permit re-use of foundry sand, are revolutionizing foundry techniques.

SPECIAL ADHESIVES: It has long been known that if a thin sheet of metal is placed beneath a wood veneer, the properties of the metal will disperse heat and greatly limit charring of the wood. Working with the furniture industry, our Chemical Division succeeded in gluing metal foil to wood with a modified Casco flexible cement. Result—cocktail tables, desks and other articles of furniture that are safe from cigarette burns. And, varnishes made from our oil-soluble synthetic resins protect them from alcohol damage.





MAIN STREET U. S. A.

BORDEN'S AND ITS PEOPLE
SERVE THE COMMUNITY

Representative of the hundreds of communities in which Borden's plays a friendly, neighborly role is Springfield, Ohio. It is a typical city, neither large nor small, and located near the population center of the nation. First settlers came to the rich Mad River Valley in 1795, their Conestoga wagons following historic "Zane's Trace," which is now the transcontinental highway, U. S. 40. Through the years, Springfield's people have worked together, helping each other, building their city into an important midwestern community. ● Corporations are very much like towns — made up of people working together for the good of everyone. And their growth is joined with that of the communities they serve. ● This is a pictorial report of how Borden employees, stockholders, managers help their neighbors to make each community a better place in which to live and work.



Spring-Day Farm, where Borden's keeps a fine herd of Jersey cows and carries on programs to conserve soil, improve pastures and dairy herd management. 4-H Club boys and girls are frequent visitors, here.



Arthur R. Wofford, a stockholder, has been a Borden plant employee for 35 years. He is a bachelor and is devoted to his widowed mother whom he supports in the Shepard, Tennessee home he built for her.

Weekdays find Betty Wobbe as an office secretary at the Borden plant. Teaching a class at Zion Lutheran Church is an inspiring experience she has enjoyed for ten years.



Local charities and many other community causes are warmly supported by Borden's and its employees. Credit Manager Robert Seitz here receives contribution from Albert Burrell, who is a plant employee.

Outstanding local football stars are James Powers, Jr., and his brother, Joseph, the sturdy sons of a veteran route salesman. Here, Jim, Sr., and the boys get a few pointers from Coach Jim McDonald of Springfield High School grid squad.



Dr. Frank Anzinger, prominent Springfield physician and a Borden stockholder, has devoted most of his career to public health work. Here, he talks things over with his son, Frank, Jr., who is Borden's plant doctor.



Maurice L. Baird, (left) manager of Spring-Day Farm, and John Prosser, a dairyman who supplies the plant, bring each other up-to-date on latest farm techniques. Both are Borden stockholders. Baird is past president and a director of the Ohio Jersey Cattle Club.



Another Borden stockholder is Mrs. Andrew A. Hellmuth, a widow. Every Monday, she visits a long list of local retail stores, collecting sales tax stamps for the benefit of Mercycrest Hospital. State redeems cancelled stamps to aid worthy charities.

A popular radio personality heard daily over the local ABC station is Alice Rogers Bahman. One of our 51,788 stockholders, she is the daughter of the late Robert S. Rogers, formerly president of the dairy which is now Borden's.

Bert A. Teeters, managing editor of the "Springfield News-Sun," has an around-the-clock job. His thrifty wife, Kathryn, puts family savings to work by investing in local businesses, including Borden's.



Many ambitious youngsters get early opportunities at Borden's. Part-time office work helps Ruth Neer pay her way through Wittenberg College. A Wittenberg director who has aided and counseled the school for 40 years is Volney F. Trout, Borden stockholder and former employee. He is not related to William W. Trout, general manager of Borden's plant.

General Manager Trout, a member of the Citizens Committee which advises Springfield officials on administrative and financial matters, looks on while City Manager Oscar L. Fleckner points out traffic problem. Trout is a stockholder and is active in local and State affairs, heads Springfield Savings and Loan Association and owns a large dairy farm outside the city.

To improve local dairy herds, Borden's awards a young Jersey bull each month to producer of highest quality milk. Henry S. Cornell, who first won a bull-calf ten years ago, now has outstanding dairy herd. Here, he shows off a fine heifer to Borden's farm manager.

James P. Wilson, assistant general manager and a stockholder, is in charge of all plant operations. Here he checks ice cream filling process with Bob Hall. Mr. Wilson is also a farmer and frequently visits dairymen and encourages them to maintain high quality and sanitary standards.



Located in the heart of Clark County, Borden's Springfield plant sells milk in 26 neighboring towns and villages and distributes ice cream in 55 localities. As this old, covered bridge belongs to the Springfield scene, so Borden people all over the country belong to the communities they serve.

destination:

EVERYWHERE!

More food products are sold under the Borden label than any other brand and the mammoth task of getting them delivered to most parts of the world is taken in stride by our Traffic Department. It is composed of a modest group of 29 men and women who daily do the many jobs necessary to the efficient and economical shipping of milk, cream, manufactured milk products, chemicals, fish oils, shark fins, plastics, frozen fruits and other products. During the year they ship enough goods to fill 400 freight trains of 100 cars each. Borden products are shipped to every state in the union and to markets in many foreign countries.

The department has three major sections — Domestic and Rates; Export and Import and Claims. Each is headed by a specialist in his field and all report to the General Traffic Manager.

The Export and Import section works with export sales departments and arranges such things as steamship space, deliveries to steamships, preparation of documents, compliance with the regulations of the United States and more than 40 foreign countries.

The Claims section investigates and files shipping claims against all forms of carriers for losses and damages running about \$250,000 annually. It makes recommendations designed to aid in the reduction of transit damages through improved methods of handling and loading.

The Domestic and Rates section determines the rates and classifications applicable to the Company's shipments, participates in proceedings before the Interstate Commerce Commission and carriers' rate bureaus. It also audits freight payments and maintains a file of about 8,000 tariffs and rate schedules.

Those schedules are so highly technical and complicated that a minimum of five years training is required before a rate-clerk becomes really able to cope with the many problems involved in the services and charges by railroads, trucking companies, airlines and carriers by water.

This section also concerns itself with such matters as private railroad side-track facilities and agreements, new plant locations, materials handling methods, passenger travel arrangements, Federal and State regulation and taxation of motor truck operations, railroads, inland waterways and the operation and repair of our own railroad tank cars.

When bottle caps are urgently needed in Newport, or Elsie the Cow's presence is demanded in Dallas or KLIM is wanted in Nairobi, the Traffic Department delivers the goods.



TRANSPORTATION 1908-1948

Three-wheeled tractor, modern in 1908, and the familiar horse-drawn wagon have been replaced by today's refrigerated trucks, portable railroad tank cars and airplanes. Long-distance shipments in 1948 filled 40,000 freight cars!

diversification:

SOYBEANS

On a clear, crisp night, last November, a watchman walked his rounds in Waterloo, Iowa. Beyond him fell the shadow of the huge grain elevators which loomed high above the railroad tracks. Shapeless in the red lanterns' glow stood bull-dozers and steam shovels—silent now after the day's work. Tomorrow's morning whistle would rouse them again into a bustle of activity.

At the same hour, the Chamber of Commerce brought its annual banquet to a close in Kankakee, Illinois. Some 400 members and guests made their way out of the Knights of Columbus Hall, agreeing that the evening had been a

pace with technological progress. Both plants are designed to use a new process that promises a better yield of oil, and better quality oil and meal than can be obtained through older methods. Both protect the Company's competitive position by employing the methods that have been proved most economical.

The Kankakee plant separates its oil from meal through a chemical solvent process. Yielding about 18% more oil than the rotary screw method, this solvent process is now being installed at the Waterloo plant. Present elevators and mixing equipment will, of course, continue



High-quality meal from soybeans is mixed into Borden's feed supplements for poultry and farm animals. At right, Mayor A. F. Hattenburg, of Kankakee, Ill., presents honorary citizenship to Charles F. Kieser, Borden vice president.

successful one. They had listened to speeches and toasts, heard songs by an Irish tenor and a local crooner and seen two Borden executives accept honorary citizenship in their town.

Linking these two scenes were 250 miles of America's finest soybean country—and a Borden interest. In Kankakee, the townspeople welcomed an important new local industry as Borden's formally opened its \$3,000,000 soybean processing plant. In Waterloo, the watchman guarded the materials for a new \$1,500,000 soybean oil extraction tower to modernize the plant which the Company acquired as the nucleus of its soy operations in 1943.

In both these projects Borden's is keeping

in use and some rotary presses will be retained to handle peak harvest loads.

Soy oil processed in the two plants is sold in tank car lots to other manufacturers. It is used in salad dressings, shortening and margarine, as well as industrial products. We use soy meal principally in our Borden poultry and animal feed supplements. Some mixing is carried on at Waterloo, but meal is also shipped to our feed-mixing unit at Hampshire, Illinois which lies between the two plants.

While small in relation to total Borden sales, soy products are nevertheless a sizable factor in our expanding program of non-milk activities and, as such, important to the Company.

Dear Folks:

It seems that our sales and advertising people are so pleased with what I did last year selling Borden's products and the Company that they asked me to write a report. I am glad to do so, and this is it.

First of all there were my color ads in the magazines, and they had a total circulation of 310,000,000 and were read by millions and millions of people. I was on two network radio shows, too—and that meant millions more who listened; and between those who listened and those who read, just about everybody in the country got some of my messages about Borden products.

During the year I took my new little son, Beauregard, on a 9,000-mile tour with my traveling boudoir, all the way from Phoenix, Arizona. In all, more than 1,000,000 people saw us. This year, I'm going along, I

During the year I took my new little son, Beauregard, on a 9,000-mile personal appearance tour with my traveling boudoir, all the way from Boston, Massachusetts to Phoenix, Arizona. In all, more than 2,500,000 people came and stood in line to see us. This year, I'm going to a lot of new places and I hope to take my husband, Elmer, along, too. Then there were lots more people who got to know me because they bought in stores and took home for all their children's games, which we license.

Then there were lots more people who got to know me because of all the Elsie things they bought in stores and took home for all their friends to see. Things like toys and feeding dishes and dolls and little girls' scarves and little boys' wagons and games, which we license manufacturers to put out. Last year almost three millions of them were sold and in 1949 there will be lots of new ones, including phonograph records and comic books.

So when you add it all up, that's probably why eight out of ten people know me, and that's more people than know practically anyone in the country except maybe President Truman. And they all know I work for Borden, too.

So when you add it all up, I think people know me, and that's more people than in the country except maybe President Truman. And they work for Borden, too.

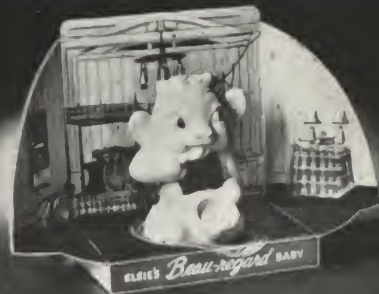
Well, this is a kind of informal report but it tells what really happened, even if Elmer says no wives should be allowed to write reports. What he forgets is that most of our new stockholders and customers are ladies—and they'll understand anyway.

Elmer, Beulah, Beauregard and I will be seeing you all through 1949, and saying, as we always do—If it's Borden's it's got to be good!

Love,
Elsie

Love,

Elsie



BORDEN PRODUCTS DIRECTORY

United States

CONDENSED MILK—Borden's Eagle Brand. *Sold sectionally:* Challenge, Darling, Dime, Leader, Magnolia, Rose, Standard and Star Brands.

EVAPORATED MILK—Borden's.

FOOD DRINKS—Borden's Hemo; Borden's and Thompson's Malted Milk, Plain and Chocolate Flavor; Instant Mix—for making Hot Chocolate.

COFFEE—Borden's Pure Instant Coffee.

CHEESE—Liederkrantz Brand Cheese, Military Brand Camembert, Domestic Gruyere, Pippin Roll, Vera Sharp Aged Natural Cheddar; Bulk Natural Cheese (all varieties), Borden's Swiss, Dutch Maid Brand Limburger. *Package Cheese:* Chateau, Borden's Process Cheese, Borden's Eagle Brand Cream Cheese, Borden's Wej-Cut Cream Cheese, Borden's Cheese Spreads, Borden's Grated Cheese (American and Italian Styles). Imported Cheese as available.

CONFECTIONERY—Borden's.

MINCE MEAT—Borden's None Such; Bulk Mince Meat.

MILK SUGAR AND SPECIAL MILK PRODUCTS—Milk Sugar and Beta Lactose, Proteins for Food and Pharmaceuticals, Lactalbumin, Amino Acids.

PRESCRIPTION PRODUCTS—Biolac, Dryco, Mull-Soy, Klim, Powdered Whole Lactic Acid Milk, Powdered Protein Milk, Powdered Skimmed Lactic Acid Milk, Powdered Skimmed Milk, Gerilac and Protolac.

POWDERED MILK—*Limited distribution:* Package: Starlac. Bulk: Parlac, Breadlac and Certora.

OTHER DEHYDRATED PRODUCTS—*In bulk only:* Dry Whole Egg, Drimix. Powdered Orange and Lemon Juices.

POULTRY AND ANIMAL FEED SUPPLEMENTS, DOG FOOD—Bulk—Bospro, Cavpro, Flaydry, Furpro, Hopro, Ladpro, MF-FL Blends, Petpro. *Package*—Armstrong Dog Meal, Dog Pellets, Esb!lac, Ration-ayd, Ration-ayd Emulsion, VamPros.

PRODUCTS FOR FOOD PROCESSORS AND HANDLERS—Fountain Syrups, Fudges, Flavoring Extracts, Emulsions, Vanillas, Golden Whip, Silver Whip, Chocolate Flavored Powder and Syrup, Baiz, Duo-Lizer, Cheese Coating for Popcorn, Cheese Powder, Soyco, Powdered Shortening, Cleaning Compounds and Sanitizing Agents.

SOY PRODUCTS—Refined and Specially Prepared Soy Oils, Edible and Industrial; Soy Bean Oil Meal, Soy Bean Flakes, Lecithin Products.

VITAMIN PRODUCTS—Vitamin A Oils and Concentrates, Synthetic Vitamins, Natural A and D Concentrates, Vitamin Fortification for Fluid Milk.

CASEIN PRODUCTS—Bulk Casein, Casco Casein Glues, Label Glues, Flexible Cements, Wall Size, Protovac, Cascolac and Cascorez Sizing and Finishing Products.

SYNTHETIC RESINS AND ADHESIVES—Cascamite Urea-resin Glues and Sizing, Cascophen Phenol and Phenol-resorcin Resin Glues and Impregnating Solutions, Cascorez Polyvinyl Resin Emulsions, Durite Phenol and Resorcin Casting and Molding Resins, Thor Synthetic Resin Core Binders and Casting Resins for Foundry Use.

CANADA

CONDENSED MILK—Borden's Eagle, Reindeer and Purity Brands.

EVAPORATED MILK—Borden's.

COFFEE—Borden's Pure Instant Coffee.

POWDERED MILK AND CREAM—Borden's Klim, Trucream, Trumilk, Drimilk, Milkstock, Breadlac and Starlac. High Protein Milk Supplement, Drimix.

PRESCRIPTION PRODUCTS—Dryco, Klim, C.M.P. Powdered Lactic Acid Milk and C.M.P. Powdered Protein Milk, Mull-Soy, Beta Lactose.

CHEESE—Borden's Processed Loaf and Package Cheese, Chateau, Baumert Cream Cheese, Canabec Cream Cheese, Blufort Cheese, Borden's Cheese Spreads.

POWDERED FRUIT JUICE—Borden's C.M.P. Brand.

EGGS—Powdered and Frozen.

CONFECTIONERY—Borden's Caramels.

MALTED MILK—Plain or Chocolate Flavored—Borden's.

FOOD DRINK—Borden's Hemo.

FLUID MILK AND ICE CREAM

ICE CREAM is sold as Borden's, Lady Borden, or such local brands as Hendlers, Horton's, MelOrol, Reid's, etc., in many areas in the following states: Alabama, Arkansas, California, Connecticut, Delaware, Florida, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Mississippi, Missouri, New Jersey, New Mexico, New York, North Carolina, Ohio, Oklahoma, Pennsylvania, South Carolina, Texas, Vermont, West Virginia, Wisconsin. In Canada, it is sold in Ontario and Quebec.

FLUID MILK and other products handled on routes are sold as Borden's, or such local brands as Castanea, Joubert, Mitchell, Moores & Ross, etc. They may be purchased in many communities in the following states: Arizona, Arkansas, California, Connecticut, Florida, Illinois, Indiana, Louisiana, Michigan, Mississippi, Missouri, New Jersey, New York, Ohio, Oklahoma, Texas, Vermont, West Virginia, Wisconsin. In Canada, they are sold in communities in Ontario and Quebec.



THE PRODUCTS SHOWN on these inside covers illustrate the diversity of the Company's activities in milk and non-milk fields. Borden's products are used by such varied customers as housewives, farmers, doctors and manufacturers of industrial goods.

MILK SUGAR • BAKER'S INGREDIENTS
HOUSEHOLD GLUE • IMPORTED CHEESES
PURE INSTANT COFFEE • SOYBEAN OIL
DESSERT CHEESES • PHARMACEUTICALS
MINCE MEAT • CHOCOLATE DRINK • CREAM
NATURAL CHEESES • POWDERED WHOLE MILK
VITAMIN PRODUCTS • CONDENSED MILK
CONFECTIONS • ICE CREAM NOVELTIES
FLUID MILK • POWDERED LEMON JUICE
PHENOLIC RESINS • EVAPORATED MILK
ICE CREAM • POULTRY FEED SUPPLEMENTS
CHEESE FOOD SPREADS • INSTANT HOT
CHOCOLATE • INDUSTRIAL ADHESIVES
POWDERED SKIM MILK • RESIN CORE BINDERS
CASEINATES • MODIFIED MILK FOR INFANTS
HOG FEED SUPPLEMENTS • PRESCRIPTION
FOODS • EDIBLE CASEIN • FLAVORING
SYRUPS • COTTAGE CHEESE • SOYBEAN
MEAL • PROTEIN FOODS • POWDERED
ORANGE JUICE • SKIM CONDENSED MILK
PLASTIC MOLDING COMPOUNDS • FEEDING
OILS • FRUIT ICES • DRY ICE CREAM MIX
EGG POWDERS • DAIRY FEED SUPPLEMENTS
FISH BY-PRODUCTS • PROCESS CHEESES
CHEMICALS • ORANGE DRINK • PET
FOOD • ABRASIVE BONDING RESINS
FORTIFIED FOOD DRINKS • LIQUID
CASTING RESINS • SOYBEAN MILK
OIL SOLUBLE PHENOLIC RESINS